Balancing Work and Family
Managing Two Incomes: Yours, Mine, and Ours

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Successfully meshing two styles of handling money doesn't magically happen just because two people love each other. It's something you have to keep working on as the years go by. Every day there are dozens of little decisions to be made about money, such as whether or not to pay cash, write a check, use a credit card, or pay a bill, not to mention the bigger decisions involving savings and investments, tax planning, ownership rights, insurance coverage and other matters with long-term consequences.

Dividing up the responsibility for the decisions and the paperwork that make up the money side of a marriage isn't exactly easy for one-income couples. In a two-income marriage, it's even more difficult, and second marriages can have special money management problems of their own, such as budgeting for child support, alimony, or visits by children from earlier marriages.

The Second Paycheck

For many, a second paycheck is often a necessity, not a matter of choice. Since each partner contributes to the family income, each wants a say on how the money is spent. Two-paycheck families may face communication challenges with the added dollars they earn. In our society, money is often equated with power, and the person who earns more may have a greater say in how his/her money is spent. With more wives working, the traditional balance of power in some families may shift to mirror this change. The balance of power in dual income families may be altered according to the proportion of total family income the wife earns. The larger her contribution, the greater her power in family decisions. Whether you started married life under the assumption that both would work, or you changed from a single to a dual income couple, you have had to come to a decision about what to do with the second paycheck. "That's easy," you say, "it will help pay the bills," or "more money means more enjoyment for the whole family." In day-to-day living, however, it often isn't quite so simple.

Dividing the $$$

Should each partner have money that is not accountable to the other, money that is one's own? How are the shared bills to be paid: divided in the middle, each spouse taking responsibility for separate items (i.e., one gets the mortgage, the other the car payment), or is the husband responsible for the basics, and the wife for the frills? Should the spouse who has the greater income have veto or tie-breaker power in money decisions? Will you live on one income and save the other for a special purpose such as a down payment on a house or a retirement fund?

Although there are only two basic types of accounts (single and joint), there are many ways to put them together. Three models have been developed that depict the different ways dual-income families combine their earnings. Which of the following models describes you?

Equal Share Couples

...put an equal amount of their respective salaries into joint checking and saving accounts (to cover the basic household expenses). The remainder can be saved or spent as each sees fit.

Advantages: Each spouse contributes to both daily expenses and long term expenses. Each has some money to call his/her own.

Problems: Arise when one spouse earns appreciably more than the other; this can lead to resentment by the spouse who has less individual income.

Proportional Share Couples

...each contributes a percentage of his/her income to cover household expenses and joint savings. The remainder is his/hers to do with as each pleases.

Advantages: Both spouses are contributing to household expenses, while retaining some independence of funds.

Problems: A difference in the amount of income each person earns could cause resentment, since the person with the higher income may have more "play" money.

Pooler Couples

...combine all their income to use for both household and personal expenses. The money is usually held in joint accounts.

Advantages: The work of each spouse is valued equally, regardless of income earned.

Problems: The spouse with the lesser income may not feel he or she has as much to say in how the joint income is spent. Both spouses may feel obligated to discuss all purchases with each other, which could be an advantage or disadvantage. Financial advisors suggest that pooler couples retain an independent "allowance" of a set amount. This helps them retain the feeling that all income is shared, while letting each spouse make some purchases that are not accountable to the other. This also simplifies household record-keeping.